



United States Attorney District of New Jersey

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GEORGIA MAN PLEADS GUILTY TO MULTIMILLION-DOLLAR INSURANCE FRAUD PERPETRATED ON NEW JERSEY VICTIMS

TRENTON, N.J. – An Acworth, Ga. man admitted today to bilking an insurance company, a premium finance company, and related companies out of more than \$15 million by falsely claiming that he had bound group life insurance policies for several hundred municipal employees in Linden, N.J., as well as several New Jersey unions, United States Attorney Paul J. Fishman announced.

Edward Dombrowski, 45, formerly of Middlesex County, N.J., pleaded guilty before United States District Judge Freda L. Wolfson to a count of conspiracy to commit wire fraud charged in the Indictment against him.

According to documents filed in this case and statements made during Dombrowski's guilty plea proceeding:

Dombrowski, along with his co-conspirator, Stephen Locrotondo, 51, of Bridgewater, N.J., developed and marketed a group life insurance policy to the city of Linden, N.J. – as well as to several unions in New Jersey. Dombrowski, Locrotondo, and others represented that municipal employees and union members could get life insurance coverage at no cost to them, their unions, or the city. The co-conspirators claimed the policies would be funded by a third-party financing company that would recoup its investment at the time of the employee's death by being made a beneficiary of the policy – along with the beneficiary designated by the employee, the union, and the city.

Though Dombrowski and Locrotondo represented to the various unions and the city of Linden that policies were in place, no life insurance policies were ever bound. Dombrowski and Locrotondo made similar false representations to a third-party financing company that, based on their representations and forged documents sent through interstate wires, paid \$15 million to an account controlled by Dombrowski to fund a group life insurance policy for the city of Linden. Rather than paying the monies to the insurance company, however, Dombrowski diverted nearly \$2 million of the funds for his own use – purchasing real estate, stock, and buying two luxury automobiles.

It was only when employees died, and no death benefits were paid, that the truth was discovered.

In addition to defrauding the financing company, Dombrowski and Locrotondo

represented to New Jersey-based Pine Brook Funding that commissions were due Locrotondo for his role in helping bind the group life insurance policies. However, since no commissions were actually due, Pine Brook Funding was never paid back. In total, Dombrowski and Locrotondo defrauded Pine Brook Funding out of more than \$1 million.

The count to which Dombrowski pleaded guilty (Count One) carries a maximum potential penalty of 20 years in prison and a \$250,000 fine. Sentencing is scheduled for May 26, 2011. Locrotondo previously pleaded guilty to one count each of wire fraud and wire fraud conspiracy, and awaits sentencing.

U.S. Attorney Fishman credited special agents from the Department of Labor, Office of the Inspector General, under the direction of Thomas F. Farrell, Assistant Inspector General for Labor Racketeering and Fraud Investigations; and investigators from the State of New Jersey, Office of the Insurance Fraud Prosecutor, under the direction of Stephen J. Taylor, Director of the Division of Criminal Justice, with the investigation that led to the guilty pleas.

The government is represented by Assistant U.S. Attorneys Lee Vartan and Zach Intrater of the United States Attorney's Office Economic Crimes Unit in Newark, N.J.

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Defense counsel: Candace Hom, Esq., Assistant Federal Public Defender, Newark